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4 May 46

## EUROPE-AFRICA

1. GERMANY: Complications in closing DP camps--In connection with the US plan to close camps for displaced persons in the American Zone in Germany, the British Foreign Office has informed Gallman that corresponding action in the British Zone involves so many "disquieting implications" that no decision can be reached without further study. The British express particular concern over the probable reaction to such an announcement in view of the food situation in their zone. They would like to hold further discussions with US representatives in London with the aim of reaching a coordinated policy.

Meanwhile, General Clark has recommended that the War Department authorize simultaneous closing of DP establishments in both Germany and Austria, pointing out that prior discontinuance of facilities in Germany would occasion an influx of DP's across the border into the US and French Zones in Austria.

2. RUMANIA: Army to adopt Soviet doctrines--The US delegation ACC has been told by a reliable military source that the Rumanian Army will shortly adopt the military doctrines of the Soviet Army. In addition, the Army's food supply situation is catastrophic, the average daily ration consisting of about 17 ounces of bread, plus potatoes or beans. Call-up of new classes for training has been postponed until 1 May. Current poor discipline and training result from the quartering of Rumanian troops in peasant homes; most of the barracks are occupied by Soviet troops.

3. RUMANIA: King Michael requests US views--King Michael has asked the US representative for the US position on the following points: (a) Does the US expect to continue to participate equally in the implementation of steps required to give full effect to the Moscow decision regarding Rumania? (b) Does the US believe that Soviet troops will leave Rumania after ratification of the peace treaty? (c) Does the US believe that the three powers will accept whatever government is elected by the people in the coming

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elections? (d) Is it true that the US and UK wish to alter the Rumanian-Hungarian frontier line while the Russians wish to retain it? (e) After the conclusion of peace will the US be interested in establishing commercial relations with Rumania despite the existence of monopolistic Soviet-Rumanian companies?

4. HUNGARY: USSR opposes US air route--Schoenfeld reports that the Soviet envoy, in discussing with the Hungarian Foreign Minister the US request for a commercial air route via Budapest, stated that Hungary cannot grant the request because the Soviet Army controls the country's airdromes and airspace. He pointed out that no US aircraft can land in Hungary without clearance for each individual flight and that even flights over Soviet-occupied Hungarian territory must be authorized by Soviet command. In the meantime, the Hungarian Government has expressed to the US its willingness to open negotiations on the technical details of the US proposal.
5. IRAN: Soviet pressure on Iranian delegation--The State Department will protest to the USSR the continued presence of Soviet troops in Iran only upon receipt of definite knowledge that the Iranian Government has not consented to their retention. In the meantime, Embassy Moscow has been reliably informed that the Soviets are putting tremendous pressure on the Qavam delegation, demanding recognition of the autonomy of Azerbaijan, oil concessions and agreement that Soviet troops remain in Northern Iran. The last demand may be withdrawn, if the oil concessions are granted.
6. GREECE: TWA seeks domestic airline--Rankin, the US Commercial Attaché at Athens, reports that TWA representatives last week presented proposals for TWA participation in the formation and operation of a domestic airline jointly with the Greek Government. The availability of US credit for equipment and TWA's prospect of capability for immediate operation (five surplus US Army DC-3's are available) strengthen the TWA position. The Greek Government is under British pressure

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either to adopt British proposals for a domestic airline or to postpone decision on the TWA proposals. Rankin expects the Greek Cabinet to give favorable consideration to TWA's proposals in the near future and urges, in this connection, the early conclusion of a permanent US-Greek air transport agreement.

7. FRANCE: French attitude on German administration--Bidault has replied to Secretary Byrnes' request of 6 February for a re-examination of the French position on centralization of German administration. Bidault's note includes the following points: (a) Fundamental US-French agreement regarding the treatment of Germany "has never ceased to exist," but views diverge over the practical measures to be taken. (b) France believes that permanent security will be prejudiced by the establishment of a central German administration prior to determination of the extent of future German territory. (c) France recognizes the need for coordinating the activities of the four zones, but considers that this could be accomplished by the Allied Control Council. (d) France suggests a four-power conference be held as soon as possible to discuss the question of central German administration and that of "western Germany", and feels that the Foreign Ministers Conference is the proper body for such deliberations.
8. FRANCE: Blum mission to Washington postponed--Caffery reports that Blum's illness and inclement flying conditions have postponed the departure of the French financial mission until after the Savannah Conference.
9. UNITED KINGDOM: Head of TUC to join National Coal Board--Embassy London reports that Sir Walter Citrine, General Secretary of the Trades Union Congress and one of Britain's ablest men, will be given a leave of absence in order to serve on the National Coal Board, an organization authorized by the coal industry nationalization bill. The appointment reflects the key importance to Britain and the Labor Government of a successfully reorganized coal industry.

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10. SIAM: British to withdraw troops--The State Department's representative in Bangkok reports that the British Commanding General has received orders to evacuate all his forces from Siam by 30 April. However, a British military-naval mission probably will remain.
11. N.E.I.: Months of chaos foreseen--Consul General Batavia reports that Dutch civilians and military representatives agree that, regardless of the outcome of the current negotiations, 18 to 24 months will elapse before Java can be pacified. All efforts will be concentrated on Java, leaving Sumatra and the other islands until later. The Consul General expects a long struggle if the Indonesians reject the Dutch proposals and anticipate protracted guerilla warfare even if an agreement is made with the Dutch on the basis of their proposals.
12. KOREA: Coast Guard vessels needed--General MacArthur reports that the need for furnishing vessels and supervisory personnel to the Korean Coast Guard is urgent. The current smuggling of rice from Korea to Japan must be stopped, he adds; and it is to US interest to equip and provide personnel for the Coast Guard now rather than to delay to a later date "when the Soviets may insist on participation."
13. KOREA: Depletion of rice stocks imminent--General MacArthur reports that a check of rice stocks indicates that Korea will have no rice in July, August and September if the present rate of consumption continues.

THE AMERICAS

14. ARGENTINA: Election count inconclusive--Embassy Buenos Aires reports that election returns are still spotty and inconclusive. No reliable trend will be apparent until after 11 March when the count for Buenos Aires Province begins. It is clear, however,

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that there will be no Democratic Union landslide. Should Timborini win, he will probably have to contend with a Peron-controlled Congress.

15. HAITI: Views on recognition--The State Department reports that of seventeen Republics consulted, five appear to be in favor of recognizing the Haitian Junta, four are reluctant on the ground that the Cabinet is wholly military in character and eight are reserving their opinions.

The State Department feels that prolonged withholding of recognition may have an adverse effect. It therefore has advised US missions in Latin America to inform the various Foreign Ministers of its belief that the Junta (a) is maintaining order, (b) appears to enjoy popular support, (c) has scheduled elections for not later than 12 May and (d) has pledged fulfillment of Haiti's international commitments.

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